

CENTRAL INTELLIGENCE AGENCY

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a. East Germany has maintained an embassy in China since 1950. Hans Koenig is the ambassador; he is approximately 52 years old and has been a Communist for many years.

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6. The basis for the trade relations between East Germany and China was laid in October 1950, when Gerhard Miller, who was at that time head of the East German trade delegation to China signed a trade agreement. This agreement provided that the 1951 East German exports to China were to amount to 520 million rubles; the imports from China were to amount to 290 million rubles. Because of changes made in orders after production had started and because of shipping difficulties, East Germany exported during 1951 goods amounting to only 90 million rubles. By the end of 1951, however, goods amounting to only 50-60 million rubles had actually been delivered to China. As a result of this situation, the quotas of the original trade agreement were reduced. East Germany was to export to China goods amounting at 220 million rubles and China was to export goods to East Germany amounting to 290 million rubles. By June-July 1951, China had already delivered two-thirds of its original export quota of 390 million rubles, so it was an easy matter to fulfill the revised quota of 290 million rubles.

d. Chinese exports to East Germany consist of soy beans, tea, wool oil, silk, peanut oil, asbestos, rice, sugarcane, polyethylene, rice, aniseed, ginger, Chinese tobacco, egg powder. Prices conform to those of the world market at the time of the trade agreement.

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- e. East Germany exported precision and optical instruments, machine tools, bicycles, motorcycles, drugs, especially penicillin, electrode plates for electric furnaces, pilot balloons. The unfulfilled 1951 orders were delivered by East Germany in 1952.
- f. The 1952 trade agreement signed early in 1952 provided for delivery of goods from both countries amounting to approximately 200 million rubles.
- g. In May 1953, a trade agreement was signed in Berlin which provided for East German exports to China amounting to 225 million rubles and East German imports from China amounting to about 190 million rubles. East Germany agreed to deliver the same goods as in previous years; China's deliveries were to consist of egg powder, tea, tobacco, molybdenum ore and the following:
- |              |              |
|--------------|--------------|
| Soya beans   | 125,000 tons |
| Peanut oil   | 25,000 tons  |
| Rice         | 6,000 tons   |
| Tungsten ore | 200 tons     |
- h. The China Export Corporation, 112 Leipziger Street, Berlin, is also connected with the China export-import trade. This corporation is subsidized by the SED and is charged with procuring hard-to-get material for the Chinese from the West, such as high quality steel, thin metal plate and shipbuilding plate, boring tools and chemicals. The cost of these items is to be financed through the export of Chinese products. The Chinese, however, have always been dissatisfied with this corporation, as it has always shown a loss. The 1952 deficit amounted to 50 million rubles which is reported to have been shared equally by East Germany and China.

## 2. Trade Relations between East Germany and Russia

- a. The 1952 trade agreement between East Germany and Russia provided for the following:

East German exports	1,533 million rubles
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East German imports	1,340 million rubles
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The quota, however, was fulfilled as follows:

East German exports	1,100 million rubles
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East German imports	1,270 million rubles
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- b. The 1953 trade agreement between East Germany and Russia provides for the following:

East German exports	1,600 million rubles
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East German imports	1,340 million rubles
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Included in the 1953 export quota are goods amounting to 50 million rubles which will be delivered in 1954.

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- c. According to the 1953 trade agreement, Russia is to export to East Germany the following food items:

Wheat	320,000 tons	✓ 300
Barley	450,000 tons	✓ 750
Oats	70,000 tons	✓ 820
Rye	60,000 tons	✓ 880
Corn	50,000 tons	✓ 950
Rice	2,000 tons	✓ 952
Legumes	4,000 tons	
Tea	400 tons	
✓ Butter	30,000 tons	
✓ Vegetable oil	13,500 tons	
✓ Lard (ANIMAL FATS)	1,000 tons	
✓ Fresh meat	5,000 tons	
Vegetable concentrate containing albumen	15,000 tons	

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The total cost of Russian exports of food and feed is to total 550 million rubles; fish exports are to total 10 million rubles.

- d. Russia is to export to East Germany the following raw and semi-finished goods:

Rolling-mill products	191,000 tons
Big iron and cast iron	170,000 tons
Tubing	21,000 tons
Iron ore	680,000 tons
Coke-oven coke	325,000 tons
Anthracite	120,000 tons
Crude oil	400,000 tons (from Zistersdorf, Austria)
Crude asbestos	2,000 tons
Brown iron ore	2,600 tons
Tin	3,000 tons
Zinc	5,600 tons
Copper	10,000 tons
Lead	11,400 tons
Ferrotungsten	100 tons
Ferrotitanium	80-100 tons
Manganese ore	300,000 tons
Chromium	8,000 tons
Rubber	2,400 tons

- e. Russia is to export to East Germany the following vehicles and machinery:

SIM and SIC automobiles	40
✓ Truck tires	24,000
Combines	400
Trucks	50
Deet pullers	180
Open pit lignite mining machines	2
Self-propelled excavators (Schreitbagger)	2

- f. According to the 1953 trade agreement, Russia is to import from East Germany the following items:

Vertical lathes (4 and 6.3 meter diameter)	40
Parallel-planing machines	7
Hydraulic presses (10 to 250 tons)	45

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## g. Russia is to import the following equipment and installations:

Machine tools	250-270 million rubles
Chemical production equipment	52 million rubles
Pumps and compressors	50-60 million rubles
Equipment for food industry	43 million rubles
Complete boiler and turbine units	25 million rubles
Boilers	100 million rubles
Ceramic materials production equipment	100 million rubles
Two complete cement works, approximately	20 million rubles
Two cable works, approximately	20 million rubles
21 ore-loading cranes, approximately	50 million rubles
Two bridge cranes, 10 railroad and portal cranes, totalling	25 million rubles
Power plants consisting of generators, totalling 630,000 kilovolt-amperes	
Transformers, cable and switch installations, totalling	110 million rubles
Blast-furnace plants	5,500 tons
Steel-melting installations	2,000 tons
80 foundry machines	
2 cable railways	
40 tractors	
22 electric locomotives	
Avia-gasoline	70,000 tons
Synthetic rubber	23,400 tons
Ethyl alcohol	10,000 tons
Potash (50% and 60%)	100,000 tons
Perlon cord	400 tons
Cellulose (B)	12,000 tons
Sugar	80,000 tons
Ammonium sulfate	29,000 tons
Agfa color film	16 million rubles
Furniture	2 million rubles
Textiles	6 million rubles
Household chinaware	6 million rubles
Electrotechnical porcelain	3 million rubles
40,000 television receivers	32 million rubles

h. East Germany currently owes Russia about 400 million rubles for goods delivered by Russia, of which 385 million rubles are owed on 1952 deliveries. East Germany pays interest at 2 percent on this debt.

i. Provision for the exchange of goods and commodities amounting to 350 million rubles above and beyond the amounts provided for in the 1953 East German-Russian trade agreement are reportedly contained in a supplementary secret trade agreement.

j. Between 10 June and 16 June 1953, a report circulated in the Ministry for Foreign and Domestic Trade that the Russians were prepared to export food to East Germany amounting to 500 million rubles. Pertinent desks in the ministry were commissioned to draw up lists of food items and consumer goods needed in East Germany. In May the Russians had requested a list of consumer goods which East Germany could deliver on short notice.

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